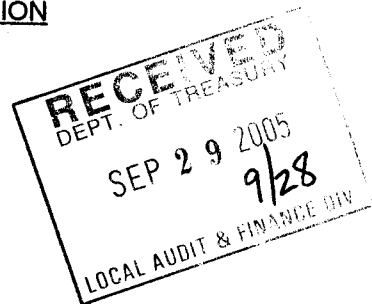


TOWNSHIP OF AKRON
Tuscola County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2005



AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Akron	County Tuscola
Audit Date March 31, 2005	Opinion Date July 19, 2005	Date Accountant Report Submitted to State: September 27, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

TOWNSHIP OF AKRON
Tuscola County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

July 19, 2005

To the Township Board
Township of Akron
Tuscola County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Akron, Tuscola County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Akron's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Akron, Tuscola County, Michigan as of March 31, 2005, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF AKRON
Tuscola County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

The Management's Discussion and Analysis report of the Township of Akron covers the Township's financial performance during the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2005, totaled \$405,634.73 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$523,409.95 from governmental activities. Governmental activities had a \$73,179.02 increase in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Garbage Fund, Ambulance Fund, Cemetery Perpetual Care Fund and the Current Tax Collection Fund.

TOWNSHIP OF AKRON
Tuscola County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, Garbage Fund, Ambulance Fund, and the Cemetery Perpetual Care Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$290,880.30.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk, Pauline Gainforth at 6800 N. Vassar Road, Unionville, Michigan 48767, or telephone 989-674-2669.

TOWNSHIP OF AKRON
Tuscola County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2005

Governmental
Activities

ASSETS:	
CURRENT ASSETS:	
Cash in bank	339 982 46
Taxes receivable	28 247 65
Accounts receivable	<u>17 236 92</u>
Total Current Assets	<u>385 467 03</u>
NON-CURRENT ASSETS:	
Capital Assets	58 938 71
Less: Accumulated Depreciation	<u>(23 211 79)</u>
Total Non-current Assets	<u>35 726 92</u>
TOTAL ASSETS	<u>421 193 95</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>15 559 22</u>
Total Current Liabilities	<u>15 559 22</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>15 559 22</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	35 726 92
Reserved for cemetery	2 924 81
Unrestricted	<u>366 983 00</u>
Total Net Assets	<u>405 634 73</u>
TOTAL LIABILITIES AND NET ASSETS	<u>421 193 95</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AKRON
Tuscola County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2005

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	14 518 91	-	(14 518 91)
General government	73 326 26	6 206 50	(67 119 76)
Public safety	145 303 72	92 979 88	(52 323 84)
Public works	215 675 04	57 864 90	(157 810 14)
Culture and recreation	1 407 00	-	(1 407 00)
Total Governmental Activities	<u>450 230 93</u>	<u>157 051 28</u>	<u>(293 179 65)</u>
General Revenues:			
Property taxes			258 805 54
State revenue sharing			93 987 48
Interest			2 412 65
Miscellaneous			<u>11 153 00</u>
Total General Revenues			<u>366 358 67</u>
Change in net assets			73 179 02
Net assets, beginning of year			<u>332 455 71</u>
Net Assets, End of Year			<u>405 634 73</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AKRON
Tuscola County, Michigan

BALANCE SHEET - GOVERNMENTAL FUNDS
March 31, 2005

<u>Assets</u>	<u>General</u>	<u>Garbage</u>	<u>Ambulance</u>
Cash in bank	218 854 88	70 077 04	47 746 46
Taxes receivable	20 591 41	7 656 24	-
Accounts receivable	-	-	17 236 92
Due from other funds	379 27	-	-
Total Assets	<u>239 825 56</u>	<u>77 733 28</u>	<u>64 983 38</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	-	-	15 559 22
Total liabilities	<u>-</u>	<u>-</u>	<u>15 559 22</u>
Fund equity:			
Fund balances:			
Reserved for cemetery	-	-	-
Unreserved:			
Undesignated	239 825 56	77 733 28	49 424 16
Total fund equity	<u>239 825 56</u>	<u>77 733 28</u>	<u>49 424 16</u>
Total Liabilities and Fund Equity	<u>239 825 56</u>	<u>77 733 28</u>	<u>64 983 38</u>

The accompanying notes are an integral part of these financial statements.

<u>Other Funds</u>	<u>Total</u>
2 924 81	339 603 19
-	28 247 65
-	17 236 92
-	379 27
<u>2 924 81</u>	<u>385 467 03</u>

-	<u>15 559 22</u>
-	<u>15 559 22</u>

2 924 81	2 924 81
-	<u>366 983 00</u>
<u>2 924 81</u>	<u>369 907 81</u>
<u>2 924 81</u>	<u>385 467 03</u>

TOWNSHIP OF AKRON
Tuscola County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2005

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS

369 907 81

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost
Accumulated depreciation

58 938 71
(23 211 79)

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES

405 634 73

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AKRON
Tuscola County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year ended March 31, 2005

	<u>General</u>	<u>Garbage</u>	<u>Ambulance</u>
Revenues:			
Property taxes	258 805 54	-	-
Licenses and permits	1 281 50	-	-
State revenue sharing	93 987 48	-	-
Charges for services	4 925 00	-	-
Interest	1 395 55	-	92 979 88
Special assessments	174 90	681 19	311 17
Miscellaneous	1 106 00	57 690 00	-
	<u>1 106 00</u>	<u>-</u>	<u>10 047 00</u>
Total revenues	<u>361 675 97</u>	<u>58 371 19</u>	<u>103 338 05</u>
Expenditures:			
Legislative:			
Township Board	14 518 91	-	-
General government:			
Supervisor	12 848 32	-	-
Elections	1 752 23	-	-
Assessor	2 078 69	-	-
Clerk	12 347 36	-	-
Board of Review	660 00	-	-
Treasurer	10 733 56	-	-
Building and grounds	7 886 27	-	-
Cemetery	21 664 83	-	-
Public safety:			
Fire protection	34 202 43	-	-
Ambulance	21 682 25	-	-
Planning and zoning	2 354 66	-	87 064 38
Public works:			
Sanitation	-	68 931 25	-
Drains	38 328 61	-	-
Highways and streets	108 415 18	-	-
Culture and recreation:			
Library	1 407 00	-	-
	<u>1 407 00</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>290 880 30</u>	<u>68 931 25</u>	<u>87 064 38</u>
Excess (deficiency) of revenues over expenditures	70 795 67	(10 560 06)	16 273 67
Fund balances, April 1	<u>169 029 89</u>	<u>88 293 34</u>	<u>33 150 49</u>
Fund Balances, March 31	<u><u>239 825 56</u></u>	<u><u>77 733 28</u></u>	<u><u>49 424 16</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Other Funds</u>	<u>Total</u>
-	258 805 54
-	1 281 50
-	93 987 48
-	97 904 88
24 74	2 412 65
-	57 864 90
-	11 153 00
<u>24 74</u>	<u>523 409 95</u>
-	14 518 91
-	12 848 32
-	1 752 23
-	2 078 69
-	12 347 36
-	660 00
-	10 733 56
-	7 886 27
-	21 664 83
-	34 202 43
-	108 746 63
-	2 354 66
-	68 931 25
-	38 328 61
-	108 415 18
-	<u>1 407 00</u>
-	<u>446 875 93</u>
24 74	76 534 02
<u>2 900 07</u>	<u>293 373 79</u>
<u>2 924 81</u>	<u>369 907 81</u>

TOWNSHIP OF AKRON
Tuscola County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2005

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS

76 534 02

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense
Capital Outlay

(3 355 00)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

73 179 02

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AKRON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Akron, Tuscola County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Akron. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF AKRON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for amounts received for maintenance of the cemetery.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2004 tax roll millage rate was 4.2568 mills, and the taxable value was \$48,622,264.00.

TOWNSHIP OF AKRON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	20 years
Equipment	3-10 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$35,726.92.

TOWNSHIP OF AKRON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF AKRON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 3 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>339 982 46</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	100 000 00
Uninsured and Uncollateralized	<u>241 704 52</u>
Total Deposits	<u>341 704 52</u>

The Township of Akron did not have any investments as of March 31, 2005.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
<u>Governmental Activities:</u>				
Land	32 395 92	-	-	32 395 92
Buildings	8 700 00	-	-	8 700 00
Equipment	<u>17 842 79</u>	<u>-</u>	<u>-</u>	<u>17 842 79</u>
Total	58 938 71	-	-	58 938 71
Accumulated Depreciation	<u>(19 856 79)</u>	<u>(3 355 00)</u>	<u>-</u>	<u>(23 211 79)</u>
Net Capital Assets	<u>39 081 92</u>	<u>(3 355 00)</u>	<u>-</u>	<u>35 726 92</u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF AKRON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 8 – Building Permits

The Township of Akron does not issue building permits. Building permits are issued by the County of Tuscola.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>379 27</u>	Current Tax Collection	<u>379 27</u>
Total	<u>379 27</u>	Total	<u>379 27</u>

Note 10 – Budget Variances

During the fiscal year ended March 31, 2005, Township expenditures exceeded the budgeted amounts in the activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund Activity:			
Clerk	11 180 00	12 347 36	1 167 36
Cemetery	18 000 00	21 664 83	3 664 83
Fire protection	33 000 00	34 202 43	1 202 43
Drains	30 000 00	38 328 61	8 328 61
Garbage Fund Activity:			
Sanitation	60 000 00	68 931 25	8 931 25

TOWNSHIP OF AKRON
Tuscola County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	212 600 00	212 600 00	258 805 54	46 205 54
Licenses and permits	800 00	800 00	1 281 50	481 50
State revenue sharing	91 300 00	91 300 00	93 987 48	2 687 48
Charges for services	1 800 00	1 800 00	4 925 00	3 125 00
Interest	4 870 00	4 870 00	1 395 55	(3 474 45)
Special assessments	-	-	174 90	174 90
Miscellaneous	300 00	300 00	1 106 00	806 00
Total revenues	<u>311 670 00</u>	<u>311 670 00</u>	<u>361 675 97</u>	<u>50 005 97</u>
Expenditures:				
Legislative:				
Township Board	14 900 00	14 900 00	14 518 91	(381 09)
General government:				
Supervisor	13 000 00	13 000 00	12 848 32	(151 68)
Elections	2 400 00	2 400 00	1 752 23	(647 77)
Assessor	3 000 00	3 000 00	2 078 69	(921 31)
Clerk	11 180 00	11 180 00	12 347 36	1 167 36
Board of Review	1 000 00	1 000 00	660 00	(340 00)
Treasurer	12 000 00	12 000 00	10 733 56	(1 266 44)
Building and grounds	13 000 00	13 000 00	7 886 27	(5 113 73)
Cemetery	18 000 00	18 000 00	21 664 83	3 664 83
Public safety:				
Fire protection	33 000 00	33 000 00	34 202 43	1 202 43
Ambulance	24 000 00	24 000 00	21 682 25	(2 317 75)
Planning and zoning	12 000 00	12 000 00	2 354 66	(9 645 34)
Public works:				
Drains	30 000 00	30 000 00	38 328 61	8 328 61
Highways and streets	160 000 00	160 000 00	108 415 18	(51 584 82)
Culture and recreation:				
Library	2 814 00	2 814 00	1 407 00	(1 407 00)
Total expenditures	<u>350 294 00</u>	<u>350 294 00</u>	<u>290 880 30</u>	<u>(59 413 70)</u>
Excess (deficiency) of revenues over expenditures	(38 624 00)	(38 624 00)	70 795 67	109 419 67
Fund balance, April 1	<u>104 047 42</u>	<u>104 047 42</u>	<u>169 029 89</u>	<u>64 982 47</u>
Fund Balance, March 31	<u>65 423 42</u>	<u>65 423 42</u>	<u>239 825 56</u>	<u>174 402 14</u>

TOWNSHIP OF AKRON
Tuscola County, Michigan

BUDGETARY COMPARISON SCHEDULE – GARBAGE FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Interest	-	-	681 19	681 19
Special assessments	<u>60 000 00</u>	<u>60 000 00</u>	<u>57 690 00</u>	<u>(2 310 00)</u>
Total revenues	<u>60 000 00</u>	<u>60 000 00</u>	<u>58 371 19</u>	<u>(1 628 81)</u>
Expenditures:				
Public works:				
Sanitation	<u>60 000 00</u>	<u>60 000 00</u>	<u>68 931 25</u>	<u>8 931 25</u>
Total expenditures	<u>60 000 00</u>	<u>60 000 00</u>	<u>68 931 25</u>	<u>8 931 25</u>
Excess (deficiency) of revenues over expenditures	-	-	(10 560 06)	(10 560 06)
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>88 293 34</u>	<u>88 293 34</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>77 733 28</u>	<u>77 733 28</u>

TOWNSHIP OF AKRON
Tuscola County, Michigan

BUDGETARY COMPARISON SCHEDULE – AMBULANCE FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Charges for services	96 480 00	96 480 00	92 979 88	(3 500 12)
Interest	-	-	311 17	311 17
Miscellaneous	-	-	10 047 00	10 047 00
Total revenues	<u>96 480 00</u>	<u>96 480 00</u>	<u>103 338 05</u>	<u>6 858 05</u>
Expenditures:				
Public safety:				
Ambulance	<u>96 480 00</u>	<u>96 480 00</u>	<u>87 064 38</u>	<u>(9 415 62)</u>
Total expenditures	<u>96 480 00</u>	<u>96 480 00</u>	<u>87 064 38</u>	<u>(9 415 62)</u>
Excess of revenues over expenditures	-	-	16 273 67	16 273 67
Fund balance, April 1	-	-	33 150 49	33 150 49
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>49 424 16</u>	<u>49 424 16</u>

TOWNSHIP OF AKRON
Tuscola County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2005

Township Board:	
Salaries	2 295 00
Payroll taxes	3 080 70
Transportation	100 00
Insurance	5 085 00
Miscellaneous	<u>3 958 21</u>
	<u>14 518 91</u>
Supervisor:	
Salary	11 730 00
Operating supplies	71 00
Transportation	500 00
Miscellaneous	<u>547 32</u>
	<u>12 848 32</u>
Elections:	
Wages	1 348 20
Supplies	114 03
Printing and publishing	42 00
Miscellaneous	<u>248 00</u>
	<u>1 752 23</u>
Assessor:	
Wages	625 00
Operating supplies	62 53
Printing and publishing	1 105 09
Miscellaneous	<u>286 07</u>
	<u>2 078 69</u>
Clerk:	
Salary	7 650 00
Operating supplies	528 05
Transportation	150 00
Miscellaneous	<u>4 019 31</u>
	<u>12 347 36</u>
Board of Review:	
Wages	<u>660 00</u>
Treasurer:	
Salary	7 766 97
Operating supplies	1 001 17
Miscellaneous	<u>1 965 42</u>
	<u>10 733 56</u>
Building and grounds:	
Wages	503 50
Operating supplies	484 42
Utilities	433 07
Repairs and maintenance	6 339 39
Miscellaneous	<u>125 89</u>
	<u>7 886 27</u>
Cemetery:	
Wages	13 568 00
Operating supplies	1 888 87
Transportation	100 00
Utilities	231 37
Repairs and maintenance	3 136 42
Miscellaneous	<u>2 740 17</u>
	<u>21 664 83</u>

TOWNSHIP OF AKRON
Tuscola County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2005

Fire protection:	
Contracted services	<u>34 202 43</u>
Ambulance:	
Contracted services	<u>21 682 25</u>
Planning and zoning:	
Wages	1 605 00
Supplies	246 66
Miscellaneous	<u>503 00</u>
Drains:	<u>2 354 66</u>
Contracted services	<u>38 328 61</u>
Highways and streets:	
Contracted services	<u>108 415 18</u>
Library:	
Contracted services	<u>1 407 00</u>
Total Expenditures	<u><u>290 880 30</u></u>

TOWNSHIP OF AKRON
Tuscola County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2005

	<u>Balance</u> <u>4/1/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/05</u>
<u>Assets</u>				
Cash in Bank	<u>58 217 55</u>	<u>1 355 561 61</u>	<u>1 413 399 89</u>	<u>379 27</u>
<u>Liabilities</u>				
Due to other funds	58 217 55	296 562 97	354 401 25	379 27
Due to other units	<u>-</u>	<u>1 058 998 64</u>	<u>1 058 998 64</u>	<u>-</u>
Total Liabilities	<u>58 217 55</u>	<u>1 355 561 61</u>	<u>1 413 399 89</u>	<u>379 27</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

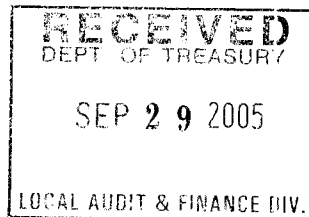
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TEL (989) 894-1040
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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 19, 2005

To the Township Board
Township of Akron
Tuscola County, Michigan



We have audited the financial statements of the Township of Akron for the year ended March 31, 2005. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Akron in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Akron
Tuscola County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2005. The implementation of this pronouncement for the Township of Akron began with the year ended March 31, 2005. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2005.

To the Township Board
Township of Akron
Tuscola County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants